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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

COMMISSIONERS

LEA MÁRQUEZ PETERSON - Chairwoman  
SANDRA D. KENNEDY  
JUSTIN OLSON  
ANNA TOVAR  
JIM O'CONNOR

JAN 22 2021

DOCKETED BY

*[Signature]*

In the matter of:

DAVID PAUL FRENCH, a single man,

SUN STATE PROPERTY PRESERVATION,  
LLC, an Arizona limited liability company,

WATTENBERG, L.L.C., an Arizona limited  
liability company,

WATTENBERG 1, LLC, a New Mexico  
limited liability company,

Respondents.

DOCKET NO. S-21105A-20-0114

DECISION NO. 77880

**ORDER TO CEASE AND DESIST, ORDER  
FOR RESTITUTION, ORDER FOR  
ADMINISTRATIVE PENALTIES, AND  
ORDER FOR OTHER AFFIRMATIVE  
ACTION**

**BY: DAVID PAUL FRENCH, SUN STATE  
PROPERTY PRESERVATION, LLC, and  
WATTENBERG, L.L.C.**

Respondents David Paul French, Sun State Property Preservation, LLC and Wattenberg, L.L.C. ("Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties, and Order for Other Affirmative Action ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit only for purposes of this proceeding and any other proceeding in which the Commission is a party the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

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## I.

## FINDINGS OF FACT

1. At all relevant times, David Paul French ("French") was an unmarried man, and a resident of Arizona. French has not been registered with the Commission as a securities salesman or dealer.

2. Sun State Property Preservation, LLC ("Sun State") is a member-managed limited liability company that was organized in the state of Arizona on March 11, 2015. Sun State's is based in Phoenix, Arizona, and has not been registered with the Commission as a securities salesman or dealer.

3. Wattenberg, L.L.C. ("Wattenberg") is a member-managed limited liability company that was organized in the state of Arizona on January 28, 2019. Wattenberg is based in Phoenix, Arizona, and has not been registered with the Commission as a securities salesman or dealer.

4. French is a managing member of Sun State, and Wattenberg.

5. French, Sun State, and Wattenberg may be collectively referred to as "Respondents."

6. Since at least February of 2018, Respondents offered and sold securities in the form of stocks, units or shares (hereinafter, "Stock(s)") within or from Arizona to at least twenty-nine investors, of which one of the investors was an Arizona resident. These investors collectively invested at least \$851,030 through Wattenberg 1, LLC ("Wattenberg 1"), Sun State and Wattenberg. Those who were offered investments will be referred herein as "Offeree(s)" and those who invested will be referred to as "Investor(s)".

7. Since at least February of 2018, French contacted Offerees and/or Investors through emails and telephone calls to solicit investments in BluBox Power Company, BluBox Energy, LLC<sup>1</sup>, BluBox Energy International, LLC ("BluBox LLC"), and BluBox Energy International Inc. ("BluBox Inc.").

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<sup>1</sup> The first "BluBox", BluBox Energy, LLC was formed on May 18, 2012, and throughout the years it went through different variations which included: BluBox Energy, Inc and BluBox Power Company.

1           8.     BluBox Power Company and BluBox Energy may be referred to collectively as "Old  
2 BluBox."

3           9.     BluBox LLC and BluBox Inc. may be referred to collectively as "BluBox."

4           10.    French admitted that he offered Stocks to approximately forty previous Old BluBox  
5 investors.

6           11.    Old BluBox dissolved on April 26, 2017.

7           12.    French offered Stock in BluBox by introducing BluBox's team and attaching offering  
8 documents to the emails directed at Investors and/or Offerees.

9           13.    French formed Wattenberg in January of 2019 and continued to offer and sell Stock  
10 in Old BluBox, which had already been dissolved, and/or BluBox.

11          14.    Between at least January 4, 2019, and at least May 22, 2019, French, through Sun  
12 State and Wattenberg, sold Stock in Old BluBox through Purchase Agreements and he signed them  
13 on behalf of Sun State and Wattenberg.

14          15.    The header of some of the Purchase Agreements stated "Wattenberg, LLC. Clearing  
15 House c/o BluBox Energy International, Inc." Subsequently, at least some of those Investors received  
16 stock certificates in BluBox Inc.

17 **French made misrepresentations and omissions in emails he sent to Investors and/or Offerees**

18          16.    On July 13, 2018, French sent an email to Investors and/or Offerees, which stated the  
19 following:

20                My name is David French with BluBox Energy...My background [sic] in  
21 stock and real estate speculation. If and when you have questions you can call  
22 me directly. My contact information is on the bottom of this email This [sic]  
should be enough for you to ask the right questions and make an informed  
decision [sic]

23          17.    French admitted that he was offering Stock, via the above-mentioned July 13, 2018,  
24 email. However, French failed to disclose to the Offerees and/or Investors that he was not associated  
25 with Old BluBox or BluBox and was not employed by these companies.

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18. On the July 13, 2018, and on the April 4, 2018, French sent additional emails to Offerees and/or Investors, both emails stated the following:

So, Ranchers Petroleum is out, and BluBox Energy International, LLC. was created. When Greg Berning accepting [sic] the CEO chair. [sic] There was a culmination of events that occurred in a short period of time that put BluBox into high gear. Some of his contacts are the head attorney of the EPA...Mark Leavitt named president: Mark is highly respected in the oil and gas corporate world...currently inking a deal on a BluBox Strategic Equity Partnership for his \$1.6b oil deal so BluBox shareholders benefit in the dividends and profit sharing... We now have 'Proof of Funds' with a Japanese Equity firm. [sic] a Letter [sic] of credit with the world bank and forming [sic] an Equity Partnership with an International Infrastructure Investment Company with Projects worldwide, led by Rajik Mohammed Aasim.

19. These were untrue statements for the following reasons:

a) Greg Berning was not the chief executive officer of BluBox or Old BluBox, and he did not have the head attorney of the EPA as a contact;

b) Mark Leavitt ("Leavitt"), chairman of the board of directors and founder of BluBox, stated that he was not well respected in the oil and gas world, nor was he "inking" a \$1.6 billion deal. BluBox did not have the money to finance such an expenditure; and

c) Moreover, according to Leavitt neither BluBox nor the Old BluBox had "proof of funds" with a Japanese Equity firm, and there was no "International Infrastructure Investment Company with Projects worldwide" that was led by Rajik Mohammed Aasim.

20. On April 9, 2018, after receiving the email sent on April 4, 2018, at least one Investor sent \$22,000 to Wattenberg One, LLC<sup>2</sup>. The Investor then received an Old BluBox stock certificate for 12,000 stock dated October 3, 2018, even though by that time, Old BluBox had been dissolved, and its operations had slowed or ceased all together.

21. In another email generally addressed to "stockholders" dated November 23, 2018, French introduced himself as part of "the shareholder relations department of BluBox Energy

<sup>2</sup> Wattenberg One, LLC formed on November 16, 2010, and Michael French was a signatory on the company's bank accounts. Wattenberg One, LLC terminated on or about July 6, 2011. Wattenberg One and Wattenberg 1 have the same bank account.

1 International." He then requested for Investors and/or Offerees to provide him with their updated  
2 contact information so that he could "send the new stock certificates" and update their file with the  
3 current contact information. In that same email, French exclaimed that the stock price was "going to  
4 skyrocket when it goes Public on the NYSE."

5 22. At the bottom of the email, French listed the fictitious title of "Shareholder Relations"  
6 for "BluBox Energy International, LLC."

7 23. However, French failed to disclose to the Investors and/or Offerees the following:

8 a) He was not part of the shareholder relations department at "BluBox Energy  
9 International;"

10 b) BluBox LLC was not a legally organized company in any state; and

11 c) BluBox LLC could not issue stock as it was not organized, and at that time it was  
12 referred to by its officers as a limited liability company.

13 24. On November 28, 2018, and February 21, 2019, in other emails sent to Investors  
14 and/or Offerees, French wrote the following:

15 The new stock certificate for BluBox Energy International, LLC.  
16 [sic]...should be arriving shortly after the holidays...We are over funded with  
17 no debt [sic]... We have access to \$1.5 Billion in cash it's not borrowed  
18 money. Its [sic] for stock and revenue sharing...The \$5.50 stock with the  
19 founders shares and the 10% dividend are sold-out. Congratulations to those  
20 of you who took advantage of the opportunity. Its [sic] now \$7.50 per share  
21 pre IPO and a bargain at that...To assess the value of a company, an  
22 independent auditor calculated all aspects of the company, from assets to  
23 debt...Upon analyzing current assets and the fact that BluBox is Debt Free,  
24 The [sic] stock value of approximately \$24.50 per share... The registration for  
25 the new company (BluBox Energy International, LLC.) along with the audit  
26 of BluBox A stockholders is being forwarded to begin processing for IPO on  
the NYSE. Eric Stevenson has been working tirelessly to complete these tasks.

23 25. However, French failed to disclose and/or made the following untrue statements:

24 a) BluBox LLC was not organized to issue stock, and Empire Stock Transfer Inc., had  
25 already informed BluBox LLC that transfer of stock at that time would have been impossible;

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1           b) French failed to inform Investors and/or Offerees that BluBox LLC did not have  
2 working capital, and Leavitt, who had limited resources, was the sole source of money;

3           c) BluBox LLC did not have access to \$1.5 Billion in cash;

4           d) BluBox LLC was not valued at \$7.50 per share, nor was French authorized to make  
5 such projections;

6           e) An independent audit had not been done, and the company was not worth \$24.50 per  
7 share;

8           f) BluBox did not have the funds to begin the IPO process; and

9           g) BluBox was never a publicly traded company.

10          26. On February 18, 2019, French sent another email to Investors and/or Offerees enticing  
11 them to purchase Stock. French made the following statements:

12                   As of February 28th BluBox Power will be closed... All monies must be in  
13 by that date to be eligible for the founders shares with 10% dividend. **The**  
14 **stock will never be this low ever again.** *Take advantage of it.* Call me for the  
15 new wire instructions. On February 27th Mark Leavitt and myself will be  
traveling to Empire Stock transfer to start the process of the stock transfer  
from BluBox Power to BluBox Energy International.

16          27. However, French failed to disclose to the Investors and/or Offerees that Old BluBox  
17 was dissolved, thus Stock in that company would have little to no value, and that BluBox LLC was  
18 not organized to issue stock.

19          28. In all of French's emails to Investors and/or Offerees, he listed his title as  
20 "Shareholder Relations" for "BluBox Energy International, LLC," "BluBox Power Company, LLC,"  
21 and "BluBox Energy International, Inc."

22          29. French admitted that he "made ... up" the "Shareholder Relations" title and used it  
23 simply because "it sounded good."

24 **French failed to disclose his background to Investors and/or Offerees**

25          30. On August 29, 2002, the Arizona Corporation Commission ("ACC") entered an order  
26 against French under Docket No. S-03415A-01-0000, where he was ordered to cease and desist from

1 violating A.R.S. §§ 44-1841, 44-1842 and 44-1991. He was further ordered to pay administrative  
2 penalties in the sum of \$220,000, and to jointly and severally to pay restitutions totaling \$883,720.78.

3 *See* Decision No. 65162. To date the restitution and penalty has not been paid.

4 31. On June 3, 2005, French was found guilty of fraud and theft and was sentenced 3.5  
5 years in prison and 7 years' probation and ordered to pay restitution in the amount of \$869,773.62.

6 *See State of Arizona v. David Paul French*, CR2003-013117-002-DT.

7 32. On June 23, 2009, a Federal Tax Lien was recorded against French for \$9,841.41.

8 33. On September 22, 2017, a Criminal Restitution Order was entered against French  
9 finding that as of July 24, 2017, he owed the following amounts: \$816,306.37 in restitution and  
10 \$950.00 for warrant and probation services fees. *See Id.*

11 34. French admitted that in his communications with Investors and/or Offerees he did not  
12 disclose his criminal fraud and theft conviction or administrative actions against him.

13 **Omissions in the PowerPoint that French sent to several Investors and/or Offerees**

14 35. French attached a PowerPoint presentation dated March 5, 2019 ("PowerPoint") to  
15 several of the emails that he sent to Investors and/or Offerees.

16 36. The PowerPoint included a slide titled "BluBox Energy International, LLC.  
17 Investment Offering." On that slide, the offering is described as:

18 a) "Three Million (\$3,000,000 USD) Total;" and

19 b) "9.85% Annual Interest, Paid Annually."

20 37. French carelessly sent out a draft PowerPoint presentation. French admitted that he  
21 did not know what the amounts in the offering meant, and that he was aware that Investors and/or  
22 Offerees would rely on the documents that he provided to them.

23 38. French failed to disclose to several Investors and/or Offerees that the PowerPoint was  
24 not a final product and had not been properly reviewed for accuracy. According to Leavitt [BluBox's  
25 Chairman of the Board of Directors], the PowerPoint was a "rough copy starting documents...[that]  
26 were not legally, properly prepared or vetted."



1           39.     Moreover, French omitted to tell Investors and/or Offerees that the figures in the  
2 slides were mere aspirations, not factual.

3           40.     The PowerPoint included a slide of Leavitt's biography that stated the following:

4           Mark Leavitt has over 30 years experience [*sic*] as an insightful advisor and  
5 dedicated consultant within the financial industry. Mark possesses quick  
6 analytical ability combined with strong interpersonal communication skills  
7 and has had the privilege to work side-by-side with some of America's  
8 foremost and respected financial authorities on behalf of institutional and  
9 retail clients both public and private. He has built a wealth of invaluable  
10 financial experience and training, serving as an officer and registered  
11 representative at prominent national brokerage houses. (most [*sic*] recently at  
12 Merrill Lynch, as VP of Investments in their prestigious "Private Client  
13 Group" where he was awarded the coveted Merrill Lynch's Elite Director's  
14 Circle of Excellence Award. Some of Mark's expertise consist of financial  
15 and estate planning, asset Placement, ongoing risk management of wealthy  
16 individuals, partnerships, public and private corporations, employee benefit  
17 plans, trusts, foundations and associations. He has worked with some of  
18 America's premier asset managers including U.S. Trust, Trust Company of  
19 the West, Provident Investment Council and numerous national banks,  
20 insurance companies and fund managers. He has managed individual  
21 transactions in excess of \$1,000,000,000.00.

22           41.     However, the PowerPoint did not include, nor did French disclose to the Investors  
23 and/or Offerees, the following:

24           a)     Leavitt was discharged from Merrill Lynch for "facilitat[ing] client investments in  
25 private placement and private securities transactions away from Merrill Lynch;"

26           b)     While working at Merrill Lynch and other firms, Leavitt received numerous client  
complaints for unsuitable and unauthorized trading, unsuitable investments of unregistered  
securities, churning, and mishandling of the client accounts;

          c)     On April 18, 2001, the Maryland Securities Commissioner denied Leavitt's agent  
registration application based on previous disciplinary actions against him. *See* Decision No. 2001-  
0264;

          d)     On May 18, 2004, New York Stock Exchange Division of Enforcement issued  
Decision Number 04-72 and found Leavitt guilty of unsuitable trading, engaging in outside business



1 without receiving prior consent of his employer, making untrue statements to clients, marking certain  
2 order tickets as unsolicited when they were actually solicited. Additionally, as a result of those  
3 violations, Leavitt was barred from membership and from associating or being employed by any  
4 member organization for four years;

5 e) On May 4, 2011, a Federal Tax Lien was filed against Leavitt for \$43,685; and

6 f) On March 26, 2014, a default judgment for \$36,931.42 was entered against Leavitt  
7 based on a private lawsuit by Keystone Investors, LLC. *See Keystone Investors, LLC vs. Wellington*  
8 *Fin LLC, et. al.*, 49D03-1301-PL-003760, Marion Superior Court, Civil Division 3.

9 **Wattenberg, Sun State and BluBox Energy International Inc. were listed as the seller in the**  
10 **Purchase Agreements**

11 42. After French solicited Investors to purchase Stock, Investors entered into Purchase  
12 Agreements with Wattenberg 1, Wattenberg or Sun State.

13 43. French personally signed at least nine of the Purchase Agreements between at least  
14 January 4, 2019, through May 22, 2019.

15 44. The Purchase Agreements included the following declarations:

16 a) "...the Seller shall sell, convey, transfer, and deliver to the Purchaser Member  
17 Certificates representing such units, and the Purchaser shall purchase from the Seller the Company's  
18 Units in consideration of the purchase price set forth in this Agreement;"

19 b) "Company [Old BluBox] is a company duly organized, validly existing and in good  
20 standing under the laws of the State of Nevada and has the company power and authority to carry on  
21 its business as it is now being conducted;" and

22 c) "Seller [Wattenberg 1, LLC, Wattenberg, LLC, or Sun State Property Preservation,  
23 LLC] is the lawful owner of the Units [in the company], free and clear of all security interests, liens,  
24 encumbrances, equities and other charges."

25 45. French failed to disclose and made the following untrue statements in the Purchase  
26 Agreements: (1) That there was a probability that Investors would not receive stock certificates in

1 the Old BluBox; (2) Old BluBox was dissolved, it slowed or ceased all operations, and there was  
2 little to no value in the company; and (3) Sun State or Wattenberg were not lawful owners of Stock  
3 in Old BluBox. The official records of the transfer agent, and those that were received from French,  
4 show that French, Sun State and Wattenberg did not hold any shares of the Old BluBox.

5 46. At all times relevant, French was the signatory of Wattenberg's and Sun State's bank  
6 accounts.

7 **Investors' funds and stock certificates**

8 47. French, Wattenberg 1, Wattenberg and Sun State, and others received the Investors'  
9 funds after the sale of the Stocks.

10 48. From February 1, 2018, to December 19, 2018, Wattenberg 1 sent to Sun State at least  
11 \$182,950, the vast majority of which, if not all, were the Investors' funds. French admitted that he  
12 used Sun State's business bank "pretty much like a personal bank account."

13 49. After sending investment funds to Wattenberg 1, Sun State or Wattenberg, and  
14 entering into the Purchase Agreements, some of the Investors received common stock certificates in  
15 Old BluBox, a dissolved company, or BluBox. Many Investors did not receive any stock certificates.

16 50. At least eight Investors received common stock in Old BluBox, and at least five  
17 Investors received common stock in BluBox. However, the Purchase Agreements for those Investors  
18 stated that they would receive Stock in the Old BluBox.

19 51. Investors collectively invested at least \$851,030 and have not received any money  
20 back.

21 **II.**

22 **CONCLUSIONS OF LAW**

23 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
24 Arizona Constitution and the Securities Act.

25 2. Respondents offered or sold securities within or from Arizona, within the meaning of  
26 A.R.S. §§ 44-1801(16), 44-1801(22), and 44-1801(27).



1           3.       Respondents violated A.R.S. § 44-1841 by offering or selling securities that were  
2 neither registered nor exempt from registration.

3           4.       Respondents violated A.R.S. § 44-1842 by offering or selling securities while neither  
4 registered as a dealer or salesman nor exempt from registration.

5           5.       Respondents violated A.R.S. § 44-1991 by: (a) employing a device, scheme, or  
6 artifice to defraud; (b) making untrue statements or misleading omissions of material facts; or (c)  
7 engaging in transactions, practices, or courses of business that operate or would operate as a fraud or  
8 deceit.

9           6.       Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-  
10 2032.

11          7.       Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
12 2032.

13          8.       Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

14          9.       French is a person directly or indirectly controlling Wattenberg and Sun State within  
15 the meaning of A.R.S. § 44-1999(B). Therefore, French is jointly and severally liable under A.R.S.  
16 § 44-1999(B) to the same extent as Wattenberg and Sun State for any of their violations of A.R.S. §  
17 44-1991.

18                               **III.**

19                               **ORDER**

20           THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents  
21 consent to the entry of this Order, attached and incorporated by reference, the Commission finds that  
22 the following relief is appropriate, in the public interest, and necessary for the protection of investors:

23           IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of Respondents'  
24 agents, employees, successors and assigns, permanently cease and desist from violating the  
25 Securities Act.

26       ///

1 IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry  
2 of Order.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032 that Respondent French shall,  
4 jointly and severally with Respondents Wattenberg and Sun State, pay restitution to the Commission  
5 in the principal amount of \$851,030 as a result of the conduct set forth in the Findings of Fact and  
6 Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the  
7 "State of Arizona" to be placed in an interest-bearing account controlled by the Commission. Any  
8 principal amount outstanding shall accrue interest at the rate of ten percent per annum from the date  
9 of purchase until the date of this Order, subject to any legal offsets, pursuant to A.A.C. R14-4-308(C).

10 IT IS FURTHER ORDERED that the restitution ordered in the preceding paragraph will  
11 accrue interest, as of the date of the Order, at the rate of the lesser of (i) ten percent per annum or (ii)  
12 at a rate per annum that is equal to one per cent plus the prime rate as published by the board of  
13 governors of the federal reserve system in statistical release H. 15 or any publication that may  
14 supersede it on the date that the judgment is entered.

15 The Commission shall disburse the funds on a pro-rata basis to investors shown on the records  
16 of the Commission. Any restitution funds that the Commission cannot disburse because an investor  
17 refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor  
18 because the investor is deceased shall be disbursed on a pro-rata basis to the remaining investors  
19 shown on the records of the Commission. Any funds that the Commission determines it is unable to  
20 or cannot feasibly disburse shall be transferred to the general fund of the state of Arizona.

21 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent French shall,  
22 jointly and severally with Respondents Wattenberg and Sun State, pay an administrative penalty in  
23 the amount of \$50,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of  
24 Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of  
25 Arizona." Any amount outstanding shall accrue interest as allowed by law.

26



1 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be  
2 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments  
3 shall be applied to the penalty obligation.

4 For purposes of this Order, a bankruptcy filing by Respondents shall be an act of default. If  
5 Respondents do not comply with this Order, any outstanding balance may be deemed in default and  
6 shall be immediately due and payable.

7 IT IS FURTHER ORDERED, that if Respondents fail to comply with this order, the  
8 Commission may bring further legal proceedings against Respondents, including application to the  
9 superior court for an order of contempt.

10 IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this  
11 Order shall be deemed binding against any Respondent under this Docket Number who has not  
12 consented to the entry of this Order.

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1 IT IS FURTHER ORDERED that this Order shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

3  
4 *Lea M. P.*

5 CHAIRWOMAN MÁRQUEZ PETERSON

*James P. Kennedy*

6 COMMISSIONER KENNEDY

7 *Matthew Olson*

8 COMMISSIONER OLSON

*Anna Tovar*

COMMISSIONER TOVAR

*James P. O'Connor*

COMMISSIONER O'CONNOR



14 IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,  
Executive Director of the Arizona Corporation Commission,  
have hereunto set my hand and caused the official seal of the  
Commission to be affixed at the Capitol, in the City of Phoenix,  
this 22 day of January, 2021.

15 *Matthew J. Neubert*  
16 MATTHEW J. NEUBERT  
EXECUTIVE DIRECTOR

17  
18 DISSENT

19  
20 DISSENT

21 This document is available in alternative formats by contacting Carolyn D. Buck, ADA  
22 Coordinator, voice phone number (602) 542-3931, e-mail [cdbuck@azcc.gov](mailto:cdbuck@azcc.gov).

23  
24 (MS)



**CONSENT TO ENTRY OF ORDER**

1  
2           1.       Respondents admit the jurisdiction of the Commission over the subject matter of this  
3 proceeding. Respondents acknowledge that they have been fully advised of their right to a hearing  
4 to present evidence and call witnesses and Respondents knowingly and voluntarily waive any and  
5 all rights to a hearing before the Commission and all other rights otherwise available under Article  
6 11 of the Securities Act and Title 14 of the Arizona Administrative Code. Respondents acknowledge  
7 that this Order constitutes a valid final order of the Commission.

8           2.       Respondents knowingly and voluntarily waive any right under Article 12 of the  
9 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting  
10 from the entry of this Order.

11           3.       Respondents acknowledge and agree that this Order is entered into freely and  
12 voluntarily and that no promise was made or coercion used to induce such entry.

13           5.       Respondents have been represented by an attorney in this matter, Respondents have  
14 reviewed this order with their attorney, Joel Sannes of Udall Shumway PLC, and understand all terms  
15 it contains. Respondents acknowledge that their attorney has apprised them of their rights regarding  
16 any conflicts of interest arising from dual representation. Respondents acknowledge that they have  
17 each given their informed consent to such representation.

18           6.       Respondents admit only for purposes of this proceeding and any other proceeding in  
19 which the Commission is a party the Findings of Fact and Conclusions of Law contained in this  
20 Order. Respondents agree that they shall not contest the validity of the Findings of Fact and  
21 Conclusions of Law contained in this Order in any present or future proceeding in which the  
22 Commission is a party.

23           7.       Respondents further agree that they shall not deny or contest the Findings of Fact and  
24 Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding, or  
25 (b) non-criminal proceeding in which the Commission is a party (collectively, "proceeding(s)").  
26 They further agree that in any such proceedings, the Findings of Fact and Conclusions of Law

1 contained in this Order may be taken as true and correct and that this Order shall collaterally estop  
2 them from re-litigating with the Commission or any other state agency, in any forum, the accuracy  
3 of the Findings of Fact and Conclusions of Law contained in this Order. In the event Respondents  
4 pursue bankruptcy protection in the future, they further agree that in such bankruptcy proceeding,  
5 pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

6       A.     The obligations incurred as a result of this Order are a result of the conduct set forth  
7 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Arizona  
8 state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

9       B.     This Order constitutes a judgment, order, consent order, or decree entered in a state  
10 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by  
11 Respondents pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine, penalty,  
12 citation, restitution payment, disgorgement payment, attorney fee, cost or other payment owed by  
13 Respondents pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

14       8.     By consenting to the entry of this Order, Respondents agree not to take any action or  
15 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of  
16 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual  
17 basis.

18       9.     While this Order settles this administrative matter between Respondents and the  
19 Commission, Respondents understand that this Order does not preclude the Commission from  
20 instituting other administrative or civil proceedings based on violations that are not addressed by this  
21 Order.

22       10.    Respondents understand that this Order does not preclude the Commission from  
23 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
24 that may be related to the matters addressed by this Order.

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1           11. Respondents understand that this Order does not preclude any other agency or officer  
2 of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
3 proceedings that may be related to matters addressed by this Order.

4           12. Respondents agree that Respondents will not apply to the state of Arizona for  
5 registration as a securities dealer or salesman or for licensure as an investment adviser or investment  
6 adviser representative until such time as all restitution and penalties under this Order are paid in full.

7           13. Respondents agree that Respondents will not exercise any control over any entity that  
8 offers or sells securities or provides investment advisory services within or from Arizona until such  
9 time as all restitution and penalties under this Order are paid in full.

10          14. Respondents agree that Respondents will continue to cooperate with the Securities  
11 Division including, but not limited to, providing complete and accurate testimony at any hearing in  
12 this matter and cooperating with the state of Arizona in any related investigation or any other matters  
13 arising from the activities described in this Order.

14          15. Respondents consent to the entry of this Order and agree to be fully bound by its terms  
15 and conditions.

16          16. Respondents acknowledge and understand that if Respondents fail to comply with the  
17 provisions of the order and this consent, the Commission may bring further legal proceedings against  
18 Respondents, including application to the superior court for an order of contempt.

19          17. Respondents understand that default shall render Respondents liable to the  
20 Commission for its costs of collection, including reasonable attorneys' fees and interest at the  
21 maximum legal rate.

22          18. Respondents agree and understand that if Respondents fail to make any payment as  
23 required in the Order, any outstanding balance shall be in default and shall be immediately due and  
24 payable without notice or demand. Respondents agree and understand that acceptance of any partial  
25 or late payment by the Commission is not a waiver of default by the Commission.

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19. Respondent French represents that he is a managing member of Sun State and has been authorized by Sun State to enter into this Order for and on behalf of it.

20. Respondent French represents that he is a managing member of Wattenberg and has been authorized by name of Wattenberg to enter into this Order for and on behalf of it.

David Paul French

David Paul French

Sun State Property Preservation, LLC

David Paul French

By: David Paul French.  
Managing-Member

Wattenberg L.L.C.

David Paul French

By: David Paul French.  
Managing-Member

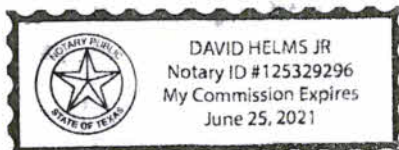
STATE OF TEXAS )  
~~ARIZONA~~ ) ss  
County of Cameroon )

SUBSCRIBED AND SWORN TO BEFORE me this 28 day of December, 2020.

David Helms Jr  
NOTARY PUBLIC

My commission expires:

6-25-2021





1 SERVICE LIST FOR: *David Paul French et al.*

2 Joel Sannes, Esq.

3 Udall Shumway PLC

4 1138 N. Alma School Road, Suite 101

5 Mesa AZ 85201

6 *Attorney for Respondents David Paul French, Wattenberg L.L.C, and Sun State Property*  
7 *Preservation, LLC*

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